

The background of the page is a collage of images related to housing and community. It includes a row of multi-story apartment buildings, a close-up of a young child's face, a person's hand holding a pen, and a stylized graphic of a city skyline. The entire page has a purple color scheme.

NAHRO Statement on FY 2004 Appropriations



NAHRO
building communities together

NAHRO calls for the commitment of resources to house the low-income elderly, disabled, families with children, and the growing number of working poor Americans. We recognize the challenges confronting our nation. However, we believe that securing the homeland should include providing opportunity in our communities and safe and decent shelter for our country's most at-risk populations. In its advocacy, NAHRO seeks to ensure that the most needy among us are not forgotten in the competing priorities of the day.

Funds provided to communities through housing and community development programs create jobs across the country, transform blighted communities and neighborhoods, give families a hand up into the economic mainstream, provide stable, healthy places for children to grow and learn, and help the elderly and disabled lead independent lives. NAHRO believes the FY 2004 budget should recognize the importance of housing and community development programs to all Americans.



The Administration's FY 2004 Budget Fails Families and Communities

At a time when 4.9 million low-income families face worst-case housing needs and a weak economy challenges our nation, the administration's FY 2004 budget assails housing and community development programs. The president's budget:

- Eliminates \$574 million in funding for the revitalization of severely distressed public housing communities despite an outstanding \$24 billion backlog of capital improvement needs in public housing;
- Underfunds public housing, failing even to restore a \$250 million shortfall in public housing operating funds caused by the administration's own accounting error;
- Converts the successful Housing Choice Voucher program into a block grant to states;
- Undermines investor interest in the Low Income Housing Tax Credit, the nation's primary affordable housing development program, with its proposal to eliminate what it calls "unfair double taxation" of corporate dividends; and
- Eliminates several vital economic development programs including the Brownfields Economic Development Initiative, Section 108 Loan Guarantees, Empowerment Zones/Enterprise Communities, and Rural Housing and Economic Development.



NAHRO's FY 2004 Recommended Housing and Community Development Budget

FY 2004 NAHRO Recommended Funding Levels*

Program	Dollars in Millions
Public Housing Operating Fund	\$4,100
Public Housing Capital Fund	\$3,500
Public Housing Security Needs	\$310
HOPE VI	\$625
Section 8 Vouchers	Funds sufficient to renew all vouchers
Resident Opportunity and Self-Sufficiency (ROSS)**	\$55
Service Coordinators**	\$50
Community Development Block Grant	\$5,000
HOME	\$2,250
Homeless Assistance Grants	\$1,325
HOPWA	\$297
Affordable Housing Production	\$1,000
Section 108 loans	\$15
Brownfields	\$25
Empowerment Zones/Enterprise Communities	\$30
Rural Housing and Economic Development	\$25

* All recommended levels are exclusive of set-asides.

** Funded as an independent program, rather than a set-aside

Public Housing

Public housing is home to 3 million people across the country, 41 percent of them children. Approximately one-third of resident families are elderly and 19 percent have a disability. Local housing agency spending also creates up to \$25 billion in economic wealth in neighborhoods across the nation, providing jobs and making them a driving force in local economies, especially in smaller communities.

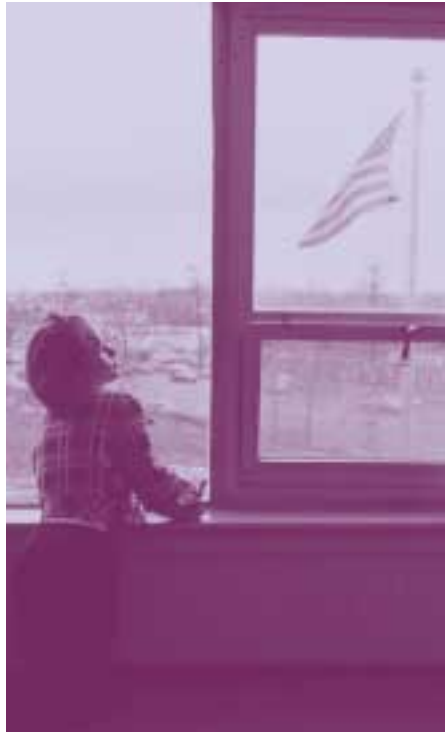
Despite the value of this housing resource, the administration's 2004 budget represents a nearly \$900 million (12.6 percent) reduction in total funding for public housing from the amount provided for 2001. The administration appears to be backing away from the federal commitment to public housing, having eliminated a \$310 million safety and security program in 2002 and proposing the elimination of \$574 million in public housing HOPE VI community revitalization funds for 2004.

These funding challenges threaten the safety, security, and well being of assisted families and surrounding communities. Systematic funding reductions undermine the viability of 1.2 million units of affordable public housing, a public investment valued at \$100 billion. The FY 2004 budget must provide funding sufficient to preserve and improve public housing through adequate funding for public housing operations, modernization, revitalization, safety and security, and resident programs.

- **Public Housing Operating Fund: \$4.1 billion.** Operating Funds are intended to make up the difference between day-to-day operating costs and the reduced-price rents (generally 30 percent of family income) established by federal law. The \$4.1 billion level will restore a \$250 million shortfall created by the administration, begin to address skyrocketing post-9/11 insurance costs and increasing energy prices, and provide local communities with funds necessary to maintain effective housing assistance to families.

- **Public Housing Capital Fund: \$3.5 billion.** Public housing faces a \$24 billion backlog of capital improvement needs, with an additional \$2 billion accruing each year. NAHRO recommends Public Housing Capital Funds at a level sufficient to address this backlog. NAHRO supports efforts to enable housing agencies to seek private financing for capital improvements, but does not believe that this as-yet-authorized initiative should act as a substitute for adequate capital funds.

- HOPE VI: \$625 million. The Revitalization of Severely Distressed Public Housing program (HOPE VI) is a proven catalyst for neighborhood revitalization and an engine for growth in communities around the country. NAHRO urges Congress to reauthorize HOPE VI and looks forward to working with the members to strengthen and improve the program during reauthorization.



- Public Housing Security Needs: \$310 million. NAHRO seeks a \$310 million grant program to restore safety and security funding eliminated in 2002. The elimination of those funds seems short-sighted in light of the state and local law enforcement budgets strained by homeland security needs and increasing criminal activity in public housing and surrounding communities.
- Resident Programs: Resident Opportunity and Self Sufficiency (ROSS) — \$55 million; Service Coordinators — \$50 million. NAHRO believes that the budget should provide funds for local housing agency efforts to assist families in living independent lives. ROSS activities help families move toward economic self-sufficiency. Service Coordinators connect elderly and disabled residents with vital supportive services that help them live independently in their own homes.

Assisted Housing Programs

The nation is clearly in the midst of an affordable housing crisis. Approximately one in seven — 14 million — American families have critical housing needs, paying over half of their incomes for housing or living in substandard housing. In no community in the country can a full-time minimum wage earner afford a two-bedroom apartment. And yet, despite this obvious demand for affordable housing, the number of low-income rental units is declining by almost 500,000 per year. According to a recent survey by the U.S. Conference of Mayors, requests for emergency shelter increased an average of 19 percent over the past year. The survey cited as causes the weak national economy and housing costs that are increasing faster than incomes.

NAHRO believes that continued efforts to address unmet housing needs will bring benefits to communities as well as directly assist families. NAHRO's analysis of major federal discretionary housing programs indicates that approximately 680,000 jobs are created or sustained through these programs nationwide.

- **Housing Vouchers:** Renewal of all existing vouchers. The Section 8 Housing Choice Voucher program will help approximately 1.9 million families find housing in the private market in 2003. The bipartisan, congressionally-chartered Millennial Housing Commission concluded in its 2002 report that the voucher program is “flexible, cost-effective, and successful in its mission” and should be a “linchpin” of national housing policy. In fact, vouchers are now used to supplement and enhance other federal, state, and local affordable housing programs.

NAHRO strongly opposes HUD's 2004 budget proposal to convert this successful linchpin into a block grant to the states. Among the many problems with this proposal is that it fails to recognize the connection of the voucher program to local housing markets and integrated community-based housing strategies. In addition, the proposal initiates the block grant with less than 100 percent of the housing assistance now

available to communities nationwide. Experience with other federal block grants strongly suggests that these resources will stagnate or erode over time, limiting the amount of assistance even further. Given state budget difficulties, it is difficult to see how such shortfalls will be made up.

- Homeless Assistance Grants: \$1.325 billion. On any given night, approximately 800,000 Americans are homeless, many of them families suffering from a lack of available, affordable housing. Homeless Assistance Grant funds allow states, local governments, and nonprofit faith-based and community organizations to provide a comprehensive range of housing and supportive services to homeless families and individuals.
- HOPWA: \$297 million. It is estimated that 500,000 Americans living with AIDS will require some form of housing assistance during the course of their illness. HOWPA funds provide a range of housing assistance (including rental assistance, short-term housing payments, and homelessness prevention) and supportive services to persons living with AIDS.
- HOME: \$2.25 billion. Communities use HOME funds for a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. The housing is often developed in partnership with non-profit organizations. Since its inception, the HOME program has produced, on average, 50,000 units of affordable housing for low-and moderate-income families per year. NAHRO opposes any set-asides within the HOME program. The downpayment assistance program set-aside proposed by the administration is already an eligible HOME activity.

■ Affordable Housing Production: \$1 billion. NAHRO supports creation of a new production program that is formula-driven and provides local communities direct access to federal funds with minimal federal regulations. The new production program should serve those families earning less than 50 percent of area median income (AMI); however, communities in high cost areas should be allowed to serve those earning up to 80 percent of AMI. Mixed income developments should be a requirement of these projects with a rent structure that includes an economic rent similar to the HOME/tax credit approach.

■ Low Income Housing Tax Credit — Ensure Ongoing Investment. NAHRO strongly supports the existing Low-Income Housing Tax Credit program. The Housing Credit currently generates \$6 billion in private investment to create 115,000 units of affordable housing for low-income families per year, and is the nation's primary source of new affordable housing. The adminis-



tration's budget would end what it calls the "unfair double taxation" of corporate dividends. This policy will undermine the attractiveness of the housing credit to investors. Incentives to participate in the housing credit program, empowerment zones and the New Market Tax Credit program would disappear under the president's proposal.

Community and Economic Development

A strong and vibrant community provides its citizens with at least three things: affordable housing, strong services, and economic opportunities. Since its inception, the U.S. Department of Housing and Urban Development has provided programs to assist communities across the country in strengthening these pillars. In these times of economic uncertainty, communities will rely on these funds more than ever to create new jobs, provide training in growing industries and create opportunities for businesses and communities to thrive together. Creation of affordable housing and infrastructure builds communities and spurs the local economy. Allowing these programs to continue to meet local needs will strengthen the three pillars of community, and the nation as a whole.

- Community Development Block Grant — \$5 billion. CDBG provides states and local governments with flexible funding to address their community revitalization needs. These funds build infrastructure, develop affordable housing, provide public services and catalyze economic development. In FY 2002, communities reported the creation of over 90,000 jobs and assistance to over 187,390 units of housing (primarily for rehabilitation activities.)

- Economic Development Programs — Continue Current Funding. Over the last 25 years, HUD and Congress have seen the need for federally-funded economic development programs targeted to the local level. As a result, seemingly small federal funding has generated billions of dollars in private resources. In FY 2004, the Administration has proposed the elimination of four programs specifically meant to highlight the critical role of economic opportunity in the health of a community:
 - Community Development Block Grant Section 108
 - Brownfields
 - Rural Housing and Economic Development (RHED)
 - Empowerment Zones / Enterprise Communities

This omission sends a distressing message to the private sector and local communities — that HUD is no longer interested in partnering with them to create economic opportunities across the country. In FY 2003, the funding for these four programs totals not quite \$87 million, yet their impact is clear — communities across the country have increased their ability to provide economic opportunities for their citizens and



attract private partners in the process. These programs focus on what HUD calls, “the forgotten corners of the American economy”, and we believe the nation would be well served by addressing the needs of all aspects of the economy.



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